

Message Text

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ACTION EUR-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8764

INFO USMISSION OECD PARIS

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C O N F I D E N T I A L LONDON 01874

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: CIEC -- FEBRUARY MEETING OF OECD HIGH LEVEL
GROUP ON COMMODITIES

REF: A) LONDON 475

B) STATE 18780

C) EC BRUSSELS 1098

1. WE DISCUSSED FORTHCOMING HLGC AND CORM MEETINGS
IN SOME DETAIL WITH HLGC CHAIRMAN PETER PRESTON
FEBRUARY 4. PRESTON AGREES FEBRUARY 9-10 HLCG MEETING
IS PROPER FORUM FOR EXCHANGE OF VIEWS ON CORM, BUT
HAS RESEPVATIONS RE UNCTAD GROUP B PAPER, WHICH HE
DISCRIBED AS TOO BLAND, AS BASIS OF DISCUSSION FOR
CORM. HE IS LOT OPTIMISTIC ABOUT WHAT MAY COME OUT
OF THE RAW MATERIALS COMMISSION DISCUSSIONS. HE
STRESSED T/HE IMPORTANCE OF COSMETICS, I.E., NEED FOR
THE DEVELOPED COUNTRIES TO COME UP WITH A "GIFT WRAPPED"
PACKAGE, BUT HAD NOTHING SPECIFIC TO OFFER ABOUT HOW
THIS MIGHT BE DONE.

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2. PRESTON BPIEFLY REVIEWED THE EC COMMISSION'S PAPER

ON A GLOBAL APPROACH TO COMMODITY PROBLEMS (REF C). HE THINKS THIQ IS A REASONABLE APPROACH, WITH THE FOCUS BEYOND CORM TO UNCTAD IV PARTICULARLY USEFUL. NEVERTHELESS, HE POINTED OUT THERE IS SOME FEELING WITHIN THE EC TO HAVE CORM ITSELF UNDERTAKE COMMODITY-BY-COMMODITY QTUDIES. HE FEELS THIS WOULD BE WRONG AND AGREED WITH US THAT CORM SHOULD SERVE AS A COORDINATING ANDJ ENERGIZING CENTER RATHER THAN BECOMING INVOLVED IN DETAILED CONSIDERATION OF INDIVIDUAL COMMODITY PROBLEMS.

3. HE AGREED WITH OUR OBSERVATION THAT IT WOULD NOT BE USEFUL TO BECOME ENTANGLED IN A SEMANTIC ARGUMENT AS TO WHAT HLEC IS DOING (E.G., COORDINATING OR EXCHANGING VIEWS); EC COUNTRIES CANNOT ACCEPT "COORDINATE", BUT HOPEFULLY THERE WILL BE NO NEED TO ARGUE ISSUE. HOWEVER, IF THIS QUESTION GETS OUT OF HAND IN THE HLGC, HIS POSITION AS CHIARMAN WOULD BE UNTENABLE AND HE WOULD BE FORCED TO STEP DOWN.

4. HE THINKS THE CANADIAN-FRENCH DISAGREEMENT OVER ACCESS/SUPPLY IS NOT NEAR SOLUTION AND IS NOT LIKELY TO BE WORKED OUT AT THE HLGC.

5. PPESTON AQKED WHETHER OUR THINKING HAD PROGRESSED BEYOND THE KINGSTON IMF MEETING STAGE ON THE DEVELOPMENT SECURITY FACILITY CONCEPT. HE NOTED THAT KINGSTON /HAD LIBERALIZED THE COMPENSATORY FINANCING FACILITY BUT ADDITIONAL CONCESSIONAL ELEMENTS ENVISAGED IN THE SECRETARY'S 7TH SPECIAL SESSION SPEECH WERE NOT TAKEN UP. HE SAID THE FRG HAD SHOWN SOME INTEREST IN PURSUING EXPORT STABILIZATION AS THE MAJOR THRUST OF COMMODITY POLICY AND EXPRESSED HOPE HE COULD BE BRIEFED ON US THINKING EITHER PRIOR TO OR DURING THE HLGC. IN THIQ REGARD HE POINTED OUT THAT ITEM 4 ON THE HLGC AGENDA CONCERNS STABILIZATION OF EXPORT EARNINGS. A SUB-COMMITTEE HAS BEEN AUTHORIZED UNDER THIS ITEM, BUT HE DELIBERATELY HELD IT BACK TO LET MATTERS GEL. HIS QUESTION TO US IS, SHOULD THE HLGC NOW LET THE SUB-COMMITTEE PRESS ON? WE SAID WE

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DOUBTED WE COULD GET A READING ON THIS BEFORE THE WEEKEND, BUT PROMISED TO ALERT THE DEPARTMENT TO HIS INTEREST.

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